"Protecting Your Investment-Canola Crop Insurance Options"

December 2014

2015 Crop Year

Supplemental Coverage Option

- The 2014 Farm Bill authorized the new Supplemental Coverage Option (SCO) endorsement for the 2015 and succeeding crop years.
- Available crops: Barley, Corn, Sbeans, and Wheat
- Only available for crops enrolled in PLC
- Not available until 2015
- County level insurance policy
- Government pays 65% of premium

Beginning Farmer & Rancher

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Benefits

- Additional 10 percentage points premium subsidy
- Use of previous producer’s production history
- Additional 20% for yield adjustment (YA)
- Waiver of administrative fees

Definition:

An Individual must not have actively operated and managed a farm or ranch in any county**, *in any state***, with an ***insurable interest*** in a crop or livestock as an owner-operator, landlord, tenant, or sharecropper for more than ***five crop years***, excluding any crop year the BFR was:

- Under the age of 18
- Post secondary Studies
- Active duty in the U.S. Military

Exclusion of Yields

The Farm Bill amendment allows an insured to exclude any recorded or appraised yield for any crop year in which the per planted acre yield in the county is at least 50% below the simple average for the crop in the county for the previous 10 consecutive crop years.

Exclusion of Yields

How will it go into effect?

RMA will provide additional program details in December 2014. The actuarial documents that identify the county, crop, practice and crop years to be excluded will be available in December 2014.

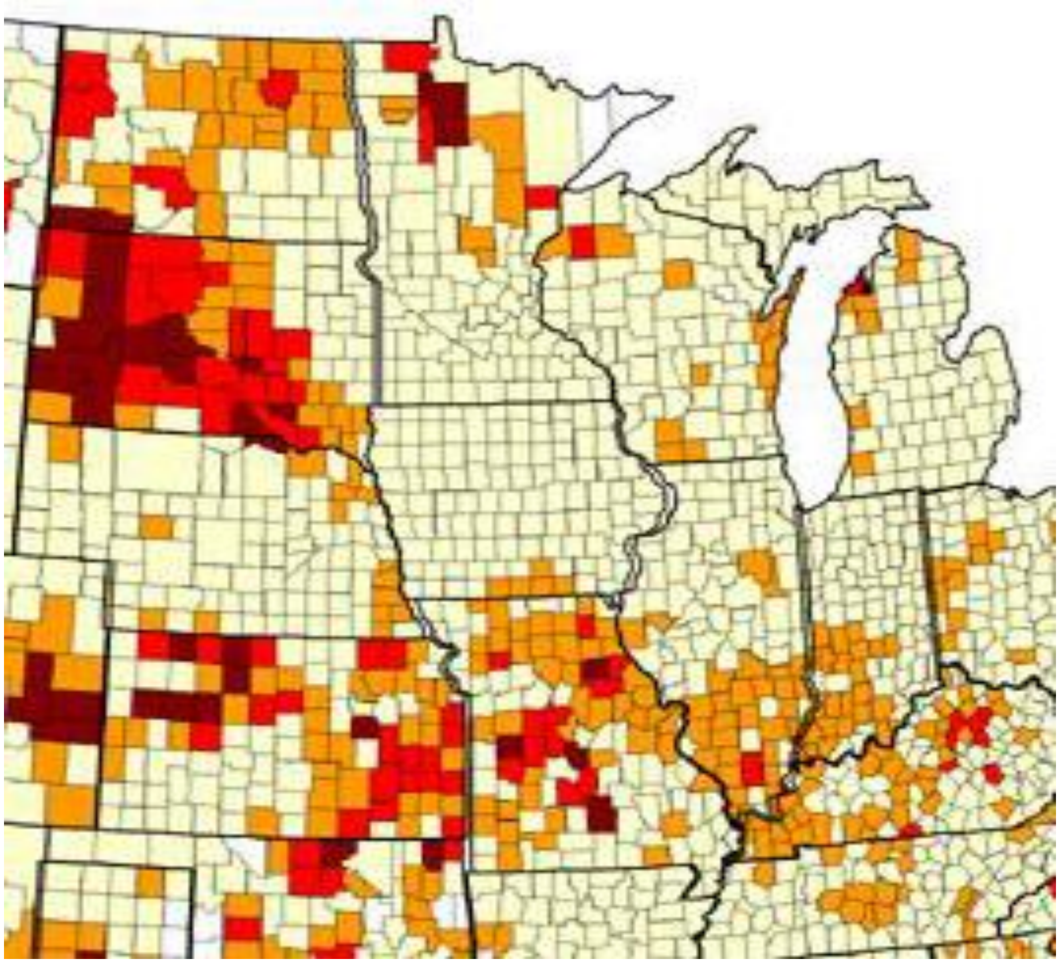
Exclusion of Yields

What crops are impacted? Where?

Eligible crops include corn, soybeans, wheat, cotton, grain sorghum, rice, barley, ***canola***, sunflowers, peanuts, and popcorn. These are crops with YP, RP, and RPHPE policies.

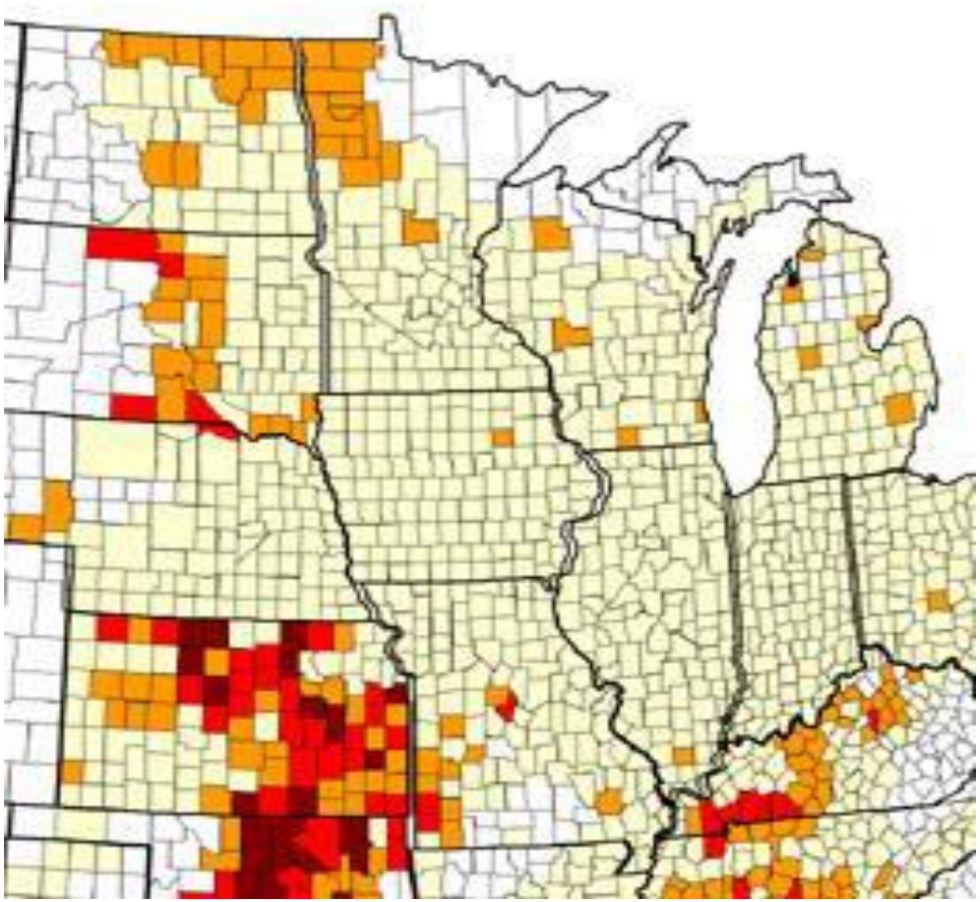
Nearly three-fourths of all acres and liability in the federal crop insurance program will be covered under APH Yield Exclusion.

APH Yield Drop – corn



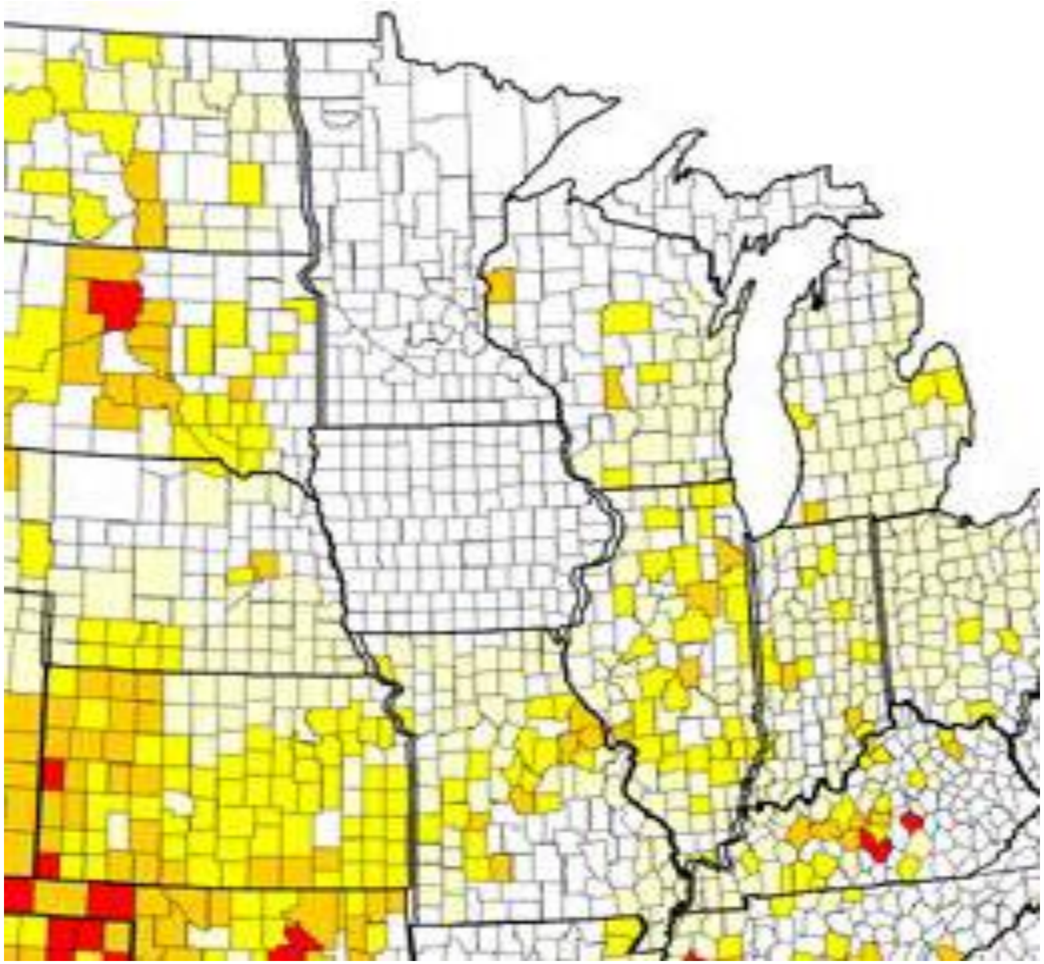
1 Year 2 Years 3 to 9 Years

APH Yield Drop - soybeans



1 Year   2 Years   3 to 6 Years

APH Yield Drop - Wheat



1 to 2 Years 3 to 4 Years 5 to 8 Years 9 to 12 Years

Enterprise Units by Practice

- The 2014 Farm Bill provides producers the option of having separate enterprise units for a crop in the county based on irrigated and non-irrigated practices if in the actuarial documents.

- If the irrigated and non-irrigated acreage does not qualify separately, then only a single EU (combined irrigated and non-irrigated acreage) will be allowed.

Coverage Level by Practice

The 2014 Farm Bill provides producers the option of electing different coverage levels for irrigated and non-irrigated acreage

IF

coverage for both practices are provided for separately in the actuarial documents and the crop provisions allow separate coverage.

What are the features of WFRP?

- All farm revenue is insured together under one policy.
  - Individual commodity losses are not considered, it is the overall farm revenue that determines losses
  - Well-suited for highly diverse farms

What will my agent need from me?

- Five years of farm tax forms
  - For 2015, requires tax forms from 2009-2013

What causes a loss payment?

- Natural causes of loss and decline in market price during the insurance year
- Taxes must be filed for insurance year before claim can be made

Canola T-Yield and Rate Review

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County	2015 T-Yield	2014 T-Yield
Kittson	1389 ↑ 126	1263
Lake of the Woods	1211 ↑ 37	1174
Pennington	1382 ↑ 126	1256
Roseau	1212 ↑ 110	1102

2015 Premium rates are reduced due to T-Yield and rate reviews.

2015 Canola TA Factors

County	Type	Practice	TA Factor
Kittson	Spring Oleic	Irrigated	29.79
Kittson	Spring Oleic	Non-Irrigated	29.79
Lake of the Woods	Spring Oleic	Irrigated	18.19
Lake of the Woods	Spring Oleic	Non-Irrigated	18.19
Marshall	Spring Oleic	Irrigated	31.67
Marshall	Spring Oleic	Non-Irrigated	31.67
Pennington	Spring Oleic	Irrigated	29.34
Pennington	Spring Oleic	Non-Irrigated	29.34
Roseau	Spring Oleic	Irrigated	25.35
Roseau	Spring Oleic	Non-Irrigated	25.35

Rotation Requirements

Insurance will not attach to any acreage on which canola, crambe, chickpeas, dry beans, mustard, rapeseed, or sunflowers have been planted in either of the preceding two crop years (three year rotation) with the exception below: In a two year rotation, canola, crambe, chickpeas, dry beans, mustard, rapeseed, or sunflowers cannot have been planted in the preceding crop year and a blackleg resistant variety (MR-R) must be planted with the insured providing proof of variety by the acreage reporting date. A rate surcharge (CR) will apply (10%). A crop which was planted, and then all plant growth is terminated by chemical or mechanical means prior to June 15, will not be considered planted for rotational purposes only. The insured is responsible to provide proof of insurability.

Plan Options

- Revenue Protection
- Revenue Protection with HPE
- Yield Protection
- Whole Farm Revenue Protection

RP – Projected Price

The harvest year's average daily settlement price for the projected price discovery period for the harvest year's futures contract, as shown in the table below, divided by 2,205. This factor converts the ICE canola price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars per pound, obtain the average daily settlement price for the projected price discovery period for the harvest year's CME December Canadian dollar futures contract, rounded to the nearest one-tenth of a cent, and then multiply by the Canadian price per pound, and round to the nearest one-tenth of a cent. The projected price will be released no later than three business days following the end of the projected price discovery period.

2014 =.184

RP – Harvest Price

The harvest year's average daily settlement price for the harvest price discovery period for the harvest year's futures contract, as shown in the table below, divided by 2,205. This factor converts the ICE price from Canadian dollars per metric ton to Canadian dollars per pound. To convert into U.S. dollars per pound, obtain the average daily settlement price for the harvest price discovery period for the harvest year's CME December Canadian dollar futures contract, rounded to the nearest one-tenth of a cent, and then multiply by the Canadian price per pound, and round to the nearest one-tenth of a cent. The harvest price will be released no later than three business days following the end of the harvest price discovery period.

2014 = .168

RP-Discovery Periods

CANOLA – March 15 Sales Closing Date				Projected Price Discovery Period		Harvest Price Discovery Period	
State (Type)	Commodity Exchange	Contract Commodity	Contract Month	Beginning Date	Ending Date*	Beginning Date	Ending Date
Idaho (Spring type)	ICE	Canola	November	Feb 1	Feb 28	Sep 1	Sep 30
Minnesota	ICE	Canola	November	Feb 1	Feb 28	Sep 1	Sep 30
Montana	ICE	Canola	November	Feb 1	Feb 28	Sep 1	Sep 30
North Dakota	ICE	Canola	November	Feb 1	Feb 28	Sep 1	Sep 30
Oregon (Spring type)	ICE	Canola	November	Feb 1	Feb 28	Sep 1	Sep 30
Washington (Spring type)	ICE	Canola	November	Feb 1	Feb 28	Sep 1	Sep 30

*February 28 Ending Date is extended to February 29 in leap years.

Specialty Canola Insurance

Specialty canola insurance, beginning with the 2013 crop year, provides producers with the ability to elect yield or revenue protection for specialty canola and to insure their specialty type canola at a contract price if grown under contract. The specialty type insured is “Spring High Oleic” canola as defined in the Special Provisions and is available in the states of Minnesota, Montana and North Dakota.

Specialty Canola Insurance

If you produce any of the following specialty canola type(s) (including specialty type(s) grown for seed):

A. **Spring High Oleic Acid: Any variety of canola containing not more than 3.5 percent linolenic acid in the seed.**

You may elect to use the price contained in your production contract (contract price) by the acreage reporting date to determine your projected price and harvest price, as applicable, for each specialty type only if the total number of insured acres of the specialty type does not exceed 110 percent of insured specialty type acreage under the contract (the number of acres under contract is determined as indicated below). The acreage must be under contract with a business enterprise equipped with facilities appropriate to handle and store specialty type canola production. The contract must be executed by you and the business enterprise, in effect for the crop year, and you must provide a copy to us no later than the acreage reporting date.

Contract Price Limit Factor= 1.20

Wrap-Up

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Questions?

Nothing in this material overrides the rules outlined in the applicable policy provisions, handbooks, or other related documents for either federal or private insurance products. Please refer to the official documents for the most current, complete information.

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